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LISTING STATEMENT No. 2247

LISTED DECEMBER 19, 1966

100,000 6¼ % cumulative redeemable preference shares, series B, of \$100 par value each.
Ticker abbreviation "DEB B PR"
Dial ticker number 1811
Post section 10

See 95

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

DEBHOLD (CANADA) LIMITED

Incorporated under the laws of the Province of Ontario
by letters patent dated June 9, 1966.

6¼ % CUMULATIVE REDEEMABLE PREFERENCE
SHARES, SERIES B, with a par value of \$100 each.

CAPITALIZATION AS AT SEPTEMBER 30, 1966

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Preference Shares with a par value of \$100 each (issuable in series)	300,000		
6% Cumulative Redeemable Preference Shares, Series A (150,000 shares)		150,000	Nil
6¼ % Cumulative Redeemable Preference Shares, Series B (100,000 shares)		100,000	100,000
Common Shares with a par value of \$10 each	600,000	516,375	Nil

September 30, 1966.

1. APPLICATION

DEBHOLD (CANADA) LIMITED (herein called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 100,000 6¼ % Cumulative Redeemable Preference Shares, Series B, with a par value of \$100 each (herein called the "Series B Preference Shares"), all of which have been issued and are outstanding as fully paid and non-assessable.

2. REFERENCE TO PROSPECTUS

Reference is made to the attached Prospectus dated September 8, 1966 which forms part of this application.

3. GUARANTEE

The Series B Preference Shares are guaranteed as to payment of dividends, capital and redemption premiums (if any) by De Beers Consolidated Mines, Limited as set out in pages 7 and 8 of the attached Prospectus.

4. LISTING ON OTHER STOCK EXCHANGES

The Company is making application for listing of the said 100,000 Series B Preference Shares on the Montreal Stock Exchange.

5. STATUS UNDER SECURITIES ACTS

The Ontario Securities Commission issued its official receipt dated September 8, 1966 acknowledging receipt of the material required under The Securities Act (Ontario) in respect of the offering of the said 100,000 Series B Preference Shares, namely the attached Prospectus dated September 8, 1966.

6. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

7. ANNUAL MEETING

The by-laws of the Company provide that the annual meeting of the Company shall be held on such day in each year as the board of directors or the president may determine in Toronto or, if the board shall so determine, at some other place in Ontario. No annual meeting of shareholders of the Company has as yet been held.

8. HEAD AND OTHER OFFICES

The head office of the Company is at Suite 2800, 25 King Street West, Toronto, Ontario. The Company has no other offices.

9. TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Series B Preference Shares is National Trust Company, Limited at its offices in Toronto, Montreal, Winnipeg and Vancouver.

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

10. AUDITORS

The auditors of the Company are Messrs. Deloitte, Plender, Haskins & Sells, Chartered Accountants, 55 Yonge Street, Toronto, Ontario.

11. OFFICERS

The officers of the Company are:

NAME	OFFICE	HOME ADDRESS
Sir Keith Acutt, K.B.E.	Chairman of the Board	"Dhlulu Miti", 3rd Avenue, Parktown, Johannesburg, South Africa.
Allan Graydon, Q.C.	President	408 Russell Hill Road, Toronto, Ontario.
Thomas Philip Sullivan, C.A.	Secretary-Treasurer	1 Wexford Boulevard, Toronto, Ontario.

12. DIRECTORS

The directors of the Company are:

NAME	HOME ADDRESS
Sir Keith Acutt, K.B.E.	"Dhlulu Miti", 3rd Avenue, Parktown, Johannesburg, South Africa.
Ian Douglas Davidson, C.B.E.	115 Riverview Drive, Toronto, Ontario.
Grey Campbell Fletcher, M.C.	"High Riding", Cleveland Road, Sandhurst, Johannesburg, South Africa.
Allan Graydon, Q.C.	408 Russell Hill Road, Toronto, Ontario.
Rhys Manly Sale	3 Ennisclaire Drive, Oakville, Ontario.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER, AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

This prospectus is not, and under no circumstances is to be construed as, a public offering of these Preference Shares for sale in the United States of America or in the territories or possessions thereof.

New Issue

\$10,000,000
(100,000 Shares)

Debhold (Canada) Limited

(Incorporated under the laws of Ontario)

6¼% Cumulative Redeemable Preference Shares, Series B

(with a par value of \$100 each)

Guaranteed as to payment of dividends, capital and redemption premiums (if any) by De Beers Consolidated Mines, Limited as set out on pages 7 and 8 hereof.

The Series B Preference Shares when issued to be fully paid and non-assessable; to be preferred as to capital and dividends; to be entitled to fixed cumulative preferential cash dividends, when and as declared by the board of directors, at the rate of 6¼% per annum to accrue from September 27, 1966 up to and to be payable on December 1, 1966 and thereafter to be payable in equal amounts quarterly on the first days of March, June, September and December by cheque at par at any branch in Canada of the Company's bankers.

The Series B Preference Shares will not be redeemable on or before September 1, 1981; thereafter the Company will have the right upon giving at least 30 days' prior notice to redeem at any time all the outstanding Series B Preference Shares or from time to time any part thereof at \$102.50 per share if redeemed on or before September 1, 1982; at \$102 per share if redeemed thereafter and on or before September 1, 1983; at \$101.50 per share if redeemed thereafter and on or before September 1, 1984; at \$101 per share if redeemed thereafter and on or before September 1, 1985; at \$100.50 per share if redeemed thereafter and on or before September 1, 1986; and at \$100 per share if redeemed thereafter; in each case together with accrued and unpaid dividends to the date fixed for redemption.

The listing of the Series B Preference Shares on The Toronto Stock Exchange and the Montreal Stock Exchange has been approved subject to the filing of documents and evidence of satisfactory distribution to be furnished within 90 days of such approval.

Transfer Agent and Registrar:

National Trust Company, Limited, Toronto, Montreal, Winnipeg and Vancouver

We, as principals, offer these Series B Preference Shares subject to prior sale and change in price if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Blake, Cassels & Graydon, Toronto and on our behalf by Messrs. Osler, Hoskin & Harcourt, Toronto, both of whom will rely as to matters of South African law upon the opinion of Messrs. Haarhoff, Hertog, Moulton, Horn & Co., Kimberley, South Africa, who are solicitors for De Beers Consolidated Mines, Limited.

Price: \$100 per share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that definitive share certificates will be available for delivery on or about September 27, 1966.

Table of Contents

	<u>Page</u>
The Company.....	3
Investments.....	3
Relationship with Other Companies.....	3
De Beers Consolidated Mines, Limited.....	3
Diamonds.....	3
Other Investments.....	4
Financial.....	4
Anglo American Corporation of Canada Limited.....	5
Other Major Shareholders of Amcan.....	5
Management of Debhold (Canada) Limited.....	6
Purpose of Issue.....	7
Capitalization.....	7
Preference Share Provisions.....	7
Asset Coverage.....	7
Preference Share Dividends.....	7
De Beers Guarantee.....	7
Consent of the South African Reserve Bank to De Beers Guarantee.....	8
Financial Statements:	
Debhold (Canada) Limited.....	9
De Beers Consolidated Mines, Limited.....	12
Statutory Information.....	24

The following information has been supplied by the officers and directors of Dehold (Canada) Limited and forms part of this prospectus:

The Company

Dehold (Canada) Limited (herein sometimes called the "Company") was incorporated under the laws of the Province of Ontario on June 9, 1966 to carry on the business of an investment and holding company.

All of the 516,375 issued and outstanding common shares of the Company are owned by two subsidiaries of De Beers Consolidated Mines, Limited.

Investments

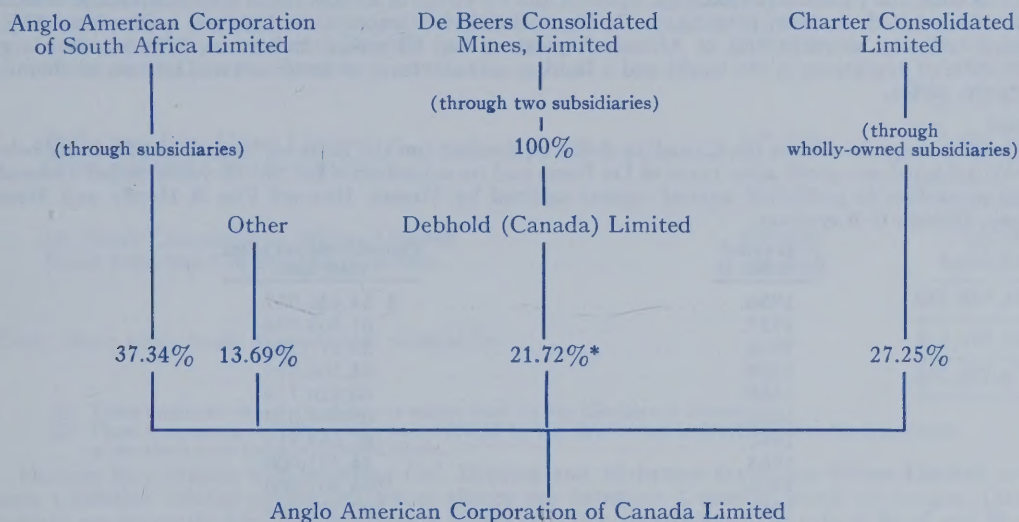
The Company's investment powers are very wide and permit it to invest in a broad range of securities.

It is the policy of the Company to invest its funds mainly in the shares of Canadian mining and other natural resource companies and companies owning shares of Canadian mining and other natural resource companies.

As at August 5, 1966, the Company's only share investment was 1,663,875 shares of Anglo American Corporation of Canada Limited (herein sometimes called "Amcan") carried on the Company's balance sheet of that date at their cost to the Company of \$18,138,750. Amcan is more fully discussed on page 5.

Relationship with Other Companies

The following chart illustrates as at August 5, 1966 the relationship of the Company with certain other companies. Further information about these companies is set out elsewhere in this prospectus.



*Note: as stated in the section headed "Purpose of Issue" the Company expects to subscribe for an additional 500,000 shares of Amcan. This would increase the Company's holding to 26.52% of the outstanding shares of Amcan on the assumption that no other shares will have been issued by Amcan.

Anglo American Corporation of South Africa Limited, De Beers Consolidated Mines, Limited and Charter Consolidated Limited are herein sometimes respectively referred to as "Anglo American", "De Beers" and "Charter Consolidated". The three companies and their respective associated companies are herein sometimes referred to as the "Anglo American Group", the "De Beers Group" and the "Charter Consolidated Group". The three Groups are closely related.

De Beers Consolidated Mines, Limited

De Beers, which has guaranteed the payment of dividends, capital and redemption premiums (if any) on the 6¼% Cumulative Redeemable Preference Shares, Series B offered by this prospectus, was registered as a public company in the Province of the Cape of Good Hope, South Africa, in 1888. De Beers is the largest diamond producer in the world and also has substantial investments outside the diamond industry.

Diamonds

The De Beers Group operates a number of diamond mines in the Republic of South Africa and in South West Africa. It is also engaged in alluvial mining operations in various locations and in the recovery of diamonds from the sea bed off the South West African coast and the adjacent foreshore.

A subsidiary of De Beers, The Diamond Corporation, Limited, has contracts with certain diamond mining companies operating outside the Republic of South Africa for the purchase of their production.

De Beers interests itself in any potential discovery of diamonds and conducts active prospecting operations for diamonds in many parts of the world.

De Beers has taken a leading part in research into the properties of the diamond, which has led to the development of a process for making a type of synthetic diamond grit designed for specific industrial purposes. Research in other directions has considerably improved and extended the use of diamonds in industry and has effected improvements in diamond mining and recovery methods.

De Beers continues to conduct an extensive advertising campaign to promote the sale of diamonds in North America, the United Kingdom and Western Europe.

Since its inception, De Beers has been the leader in the diamond industry and has to a great degree co-ordinated the production and marketing of diamonds. It was responsible for establishing the present system of sales to the market through the Central Selling Organization, an organization which handles over 80% of the total world production of diamonds. De Beers has substantial holdings in the diamond marketing companies of the Central Selling Organization. Sales of gems and industrial diamonds by the Central Selling Organization reached a record \$445* million in 1965, about 11% in excess of the 1964 level. 1965 was the fifth successive year in which a new record was reached. In the first half of 1966, sales amounted to \$252 million, an increase of about 11% over sales for the comparable period of 1965.

Other Investments

De Beers has maintained a policy of investing considerable sums outside the diamond industry. These investments are widely spread in financial, industrial and gold mining investment and producing companies in South Africa and in coal and copper companies in Rhodesia and Zambia and are held through its subsidiary De Beers Holdings, Limited and by virtue of a substantial interest in Rand Selection Corporation Limited. Another subsidiary, De Beers Industrial Corporation, Limited, holds about 42% of the issued ordinary share capital of African Explosives and Chemical Industries, Limited, the largest manufacturer of explosives in the world and a leading manufacturer of fertilizers and industrial chemicals in Southern Africa.

Financial

The following table shows the Canadian dollar equivalent (on the basis set forth in the footnote below) of the consolidated net profit after taxes of De Beers and its subsidiaries for the 10 years ended December 31, 1965 according to published annual reports audited by Messrs. Howard Pim & Hardy and Messrs. Salisbury, Beaton & Raynham.

<u>Year ended December 31</u>	<u>Consolidated net profit after taxes</u>
1956.....	\$ 54,436,947
1957.....	61,503,096
1958.....	53,217,144
1959.....	64,208,829
1960.....	60,626,739
1961.....	65,944,058
1962.....	65,643,215
1963.....	74,892,000
1964.....	104,503,500
1965.....	109,284,000

According to the published 1965 Annual Report of De Beers, as at December 31, 1965 the net assets attributable to De Beers amounted to approximately \$508 million at book value and over \$600 million taking quoted securities at market value. De Beers has no long term debt.

The Annual Report referred to above also shows that as at December 31, 1965 on a consolidated basis:

- (i) total assets of the De Beers Group amounted to approximately \$704 million;
- (ii) the net current assets of the Group (not including inventories, which amounted to approximately \$59 million) were in excess of \$197 million;
- (iii) the net fixed assets (including machinery, permanent works and buildings at a nominal value of \$1) were in excess of \$77 million. The cost of machinery, permanent works and buildings acquired since December 31, 1952 was approximately \$115 million; and
- (iv) the value of the Group's non-diamond investments, taking market value of quoted investments and balance sheet values of unquoted investments, was some \$348 million.

The financial statements of De Beers as at December 31, 1965 and for the year ended on that date, together with the notes thereto and the auditors' report thereon, which have been extracted from the 1965 Annual Report of De Beers, appear on pages 12 to 23 inclusive.

*South African rand are converted to Canadian dollars in this prospectus at the rate of R 1 = \$1.50 (Can.). The exchange rate in Toronto at noon on August 31, 1966 was R 1 = \$1.50 (Can.). Figures originally published in South African pounds are converted to Canadian dollars in this prospectus at the rate of £1 South African = R 2 = \$3.00 (Can.).

Anglo American Corporation of Canada Limited

Amcan, which was incorporated under the laws of Canada in August 1965, holds the major part of the Canadian assets of the Anglo American Group, the De Beers Group and the Charter Consolidated Group. As at August 5, 1966 the shares of Amcan were held as follows:

	Number of shares	% of total
The Anglo American Group.....	2,860,487	37.34%
The Charter Consolidated Group.....	2,086,917	27.25%
Debhhold (Canada) Limited.....	1,663,875	21.72%*
Other.....	1,048,721	13.69%
	<u>7,660,000</u>	<u>100.00%</u>

*Note: as stated in the section headed "Purpose of Issue" the Company expects to subscribe for an additional 500,000 shares of Amcan. This would increase the Company's holding to 26.52% of the outstanding shares of Amcan on the assumption that no other shares will have been issued by Amcan.

Amcan has no long term debt outstanding or preferred shares authorized or outstanding. The total liabilities of Amcan as at August 5, 1966, on a consolidated basis amounted to approximately \$13,359,000, including \$13,260,000 short term loans which have since been repaid.

The principal assets of Amcan and wholly-owned subsidiaries as at August 5, 1966 were as follows:

Common shares:	Number of shares	Market value
Hudson Bay Mining and Smelting Co., Limited.....	585,030	\$45,486,083
McIntyre Porcupine Mines Limited.....	250,000	25,750,000
Other listed Canadian shares.....	—	3,000,875
		<u>74,236,958</u>
Baffinland Iron Mines Limited.....	897,952	1,795,904 ⁽¹⁾
Other unlisted Canadian shares.....	—	72,058 ⁽¹⁾
		<u>1,867,962</u>
De Beers Consolidated Mines, Limited.....	100,000	3,726,586
Rand Selection Corporation Limited.....	325,000	4,649,805
		<u>\$84,481,311</u>
Cash, short term bank deposit and receivables.....	—	\$14,741,160 ⁽²⁾
		<u>\$99,222,471⁽²⁾</u>

(1) These unquoted shares are shown at values fixed by the directors of Amcan.

(2) These amounts have subsequently been reduced by the application of \$13,260,000 to the repayment of the short term loans mentioned above.

Hudson Bay Mining and Smelting Co., Limited and McIntyre Porcupine Mines Limited are well known Canadian mining companies whose shares are listed on Canadian stock exchanges. Quarterly dividends are currently paid on the common shares of these companies at the rate of \$0.85 and \$0.70 per share respectively, indicating annual dividend rates of \$3.40 and \$2.80 per share respectively. Extra dividends were paid on the shares of Hudson Bay Mining and Smelting Co., Limited in 1964 and 1965 at the rates of \$0.50 and \$0.65 per share respectively.

Baffinland Iron Mines Limited holds certain high-grade iron ore deposits in Baffinland. Feasibility studies dealing with all aspects of capital, operating and shipping considerations in connection with these deposits are now being examined. At this stage it is clear that the development of this ore body, which is located in the remote wilderness of Northern Baffinland, will depend largely on the amount of co-operation and assistance which the Canadian Government may see fit to provide particularly in the fields of transportation, power and Eskimo housing and training.

Rand Selection Corporation Limited is a large South African investment company in which De Beers has an important interest. It has shareholdings in copper and other base metal, diamond, gold, platinum, coal, industrial and finance companies. As at September 30, 1965, according to the company's published annual report, the value of its investments, taking quoted securities at market value and unquoted securities at book value, amounted to approximately \$500 million. For the fiscal year ended September 30, 1965 consolidated profit after taxes amounted to approximately \$28 million and dividends, at \$0.52½ per share, aggregated almost \$18 million.

Other Major Shareholders of Amcan

The Anglo American Group

The Anglo American Group is the largest organization of mining companies in the world. In 1965 it was responsible for 38% of South Africa's gold production (equivalent to approximately 27% of free world

production), 59% of Zambia's copper production (10.7% of free world production) and 35% of South Africa's coal production. Through associated companies formed for the purpose, the Anglo American Group is currently conducting a comprehensive prospecting programme in many parts of Africa and elsewhere.

In Southern Africa the Anglo American Group has greatly broadened the range of its interests in basic manufacturing industries and has developed substantial interests in construction and engineering, merchant banking, property development and other commercial fields.

The total valuation of the operating mining and industrial companies for which the Anglo American Group provides administrative and technical services amounted to more than \$1,800 million at December 31, 1965, according to Anglo American's 1965 Annual Report. The direct investment of the Anglo American Group in these operating companies had a value of approximately \$825 million. The interests of the Anglo American Group in companies not administered by Anglo American, including the De Beers Group and the Charter Consolidated Group, were valued at more than \$900 million, making a total value of approximately \$1,725 million. (Valuations are based on the market value of quoted shares and on estimated values of unquoted shares and take account only of the underlying interests of the Anglo American Group.)

The Charter Consolidated Group

The Charter Consolidated Group came into being on March 31, 1965 as a result of the merger of The British South Africa Company, Central Mining and Investment Corporation Limited and The Consolidated Mines Selection Company Limited. As at March 31, 1965 the consolidated assets of the Group amounted to over \$515 million. The Group operates as a financial and investment medium with shareholdings in copper and other base metal, diamond, gold, coal, oil, industrial, commercial, banking and finance companies operating in Southern and Central Africa, North America, the United Kingdom, Malaysia and elsewhere. Approximately 30% of the outstanding shares of Charter Consolidated Limited are held by the Anglo American Group.

Management of Debhold (Canada) Limited

The board of directors of the Company is responsible for the overall direction of the Company's investment policy. The directors and officers of the Company are as follows:

Directors

Principal occupation and directorships

Sir Keith Acutt, K.B.E.,
Johannesburg, South Africa

Deputy Chairman and Director:
Anglo American Corporation of South Africa
Limited

Director:
De Beers Consolidated Mines, Limited
Charter Consolidated Limited

Ian D. Davidson, C.B.E.,
Toronto, Ontario

Director:
The Western Assurance Company
The British America Assurance Company
A Canadian Chartered Bank

Grey C. Fletcher, M.C.,
Johannesburg, South Africa

Manager and Director:
Anglo American Corporation of South Africa
Limited

Allan Graydon, Q.C.,
Toronto, Ontario

Senior Partner:
Blake, Cassels & Graydon

Director:
The Steel Company of Canada, Limited
Abitibi Paper Company Ltd.
A Canadian Chartered Bank

Rhys M. Sale,
Oakville, Ontario

Director:
Ford Motor Company of Canada, Limited
The Great-West Life Assurance Company
A Canadian Chartered Bank

Officers

Chairman of the Board Sir Keith Acutt, K.B.E. Johannesburg, South Africa
President Allan Graydon, Q.C. Toronto, Ontario
Secretary-Treasurer Thomas P. Sullivan Toronto, Ontario

Purpose of Issue

The net proceeds to be received by the Company from the sale of the 100,000 6¼% Cumulative Redeemable Preference Shares, Series B (herein sometimes called the "Series B Preference Shares") offered by this prospectus will be used for the general investment purposes of the Company. It is expected that such investments will include a subscription for 500,000 additional shares of Amcan at a cost of approximately \$5,000,000.

The cash resources of Amcan, including the amount expected to be received by Amcan in connection with the subscription by Debhold (Canada) Limited referred to above, will be available for investment by Amcan primarily in securities of Canadian mining and other natural resource companies.

Capitalization

The capitalization of the Company according to the Pro Forma Balance Sheet of the Company as at August 5, 1966 (which together with the notes thereto is set out on pages 9 to 11 inclusive of this prospectus) after giving effect to the transactions set out in the headnote thereto, is as follows:

	<u>Authorized</u>	<u>Issued and outstanding</u>
Preference Shares with a par value of \$100 each (issuable in series)	300,000 shares	
6% Cumulative Redeemable Preference Shares, Series A (150,000 shares).....		150,000 shares
6¼% Cumulative Redeemable Preference Shares, Series B (100,000 shares).....		100,000 shares
Common shares with a par value of \$10 each.....	600,000 shares	516,375 shares

Preference Share Provisions

The preferences, rights (including voting rights), restrictions, conditions, limitations and prohibitions attaching to the Preference Shares as a class, to the 6% Cumulative Redeemable Preference Shares, Series A (herein sometimes called the "Series A Preference Shares") now outstanding, and to the Series B Preference Shares offered by this prospectus are set out in full in paragraph 9 of the Statutory Information forming part of this prospectus.

Asset Coverage

According to the Pro Forma Balance Sheet of the Company as at August 5, 1966, which appears on page 9 hereof, the net assets of the Company (excluding organization and share issue expenses) as at that date after giving effect to the present financing amounted to \$30,022,090. This amount is sufficient to provide net assets of approximately \$120 per share in respect of the Preference Shares to be outstanding after completion of the present financing.

Preference Share Dividends

The maximum annual dividends payable on the Series A Preference Shares and the Series B Preference Shares will amount to \$1,525,000. The Company anticipates that its net income available for payment of dividends will not be sufficient for several years to meet the full dividends payable on the Series A Preference Shares and the Series B Preference Shares and accordingly has arranged that any shortfall will be made up by De Beers pursuant to its obligations described below under the heading "De Beers Guarantee".

De Beers Guarantee

De Beers has executed an agreement dated as of August 15, 1966 (herein sometimes called the "De Beers Guarantee") in favour of National Trust Company, Limited (herein sometimes called the "Trustee") as trustee for the holders of Series B Preference Shares, by which De Beers agrees to ensure that the Company will have sufficient distributable surplus and cash to enable it to pay:

- (i) on each dividend date the full dividend accrued to such date on the Series B Preference Shares then outstanding;
- (ii) on any date on which any of the Series B Preference Shares have been called for redemption, the full then current redemption price of such Series B Preference Shares; and
- (iii) on the winding up or liquidation of the Company, the amount paid up on the Series B Preference Shares then outstanding together with accrued and unpaid dividends and premium, if any.

In the opinion of counsel, under laws now in force:

- (a) any funds advanced or contributed to the Company under the foregoing provisions of the De Beers Guarantee will not be taxable in the hands of the Company under the Income Tax Act (Canada) or The Corporations Tax Act (Ontario); and
- (b) dividends paid by the Company on the Series B Preference Shares will be treated for purposes of the Income Tax Act (Canada) as dividends in the hands of recipient shareholders, regardless of whether or not all or part of the funds for payment of such dividends were received by the Company under the foregoing provisions of the De Beers Guarantee.

In the event of default by the Company in making due and punctual payment of any amounts described in (i), (ii) and (iii), the amount in default will be payable by De Beers to the Trustee on demand under the De Beers Guarantee and will be received by the Trustee for the benefit of the holders of the Series B Preference Shares entitled thereto. The amount described in (iii) above will also be payable by De Beers to the Trustee on demand in the event of the Company or De Beers being declared bankrupt or insolvent or in the event of a breach by De Beers of certain covenants in the De Beers Guarantee.

The De Beers Guarantee provides that in certain events, including the bankruptcy or insolvency of the Company, De Beers may terminate its liability by offering to purchase the Series B Preference Shares at a price equal to the amount paid up thereon together with accrued and unpaid dividends and premium, if any, and by depositing the purchase price with the Trustee.

In the event of default the obligations of De Beers under the De Beers Guarantee may be enforced by the Trustee for the benefit of the holders of Series B Preference Shares, and the Trustee may be required to do so by requisition signed by the holders of at least 25% of the outstanding Series B Preference Shares and upon indemnity against costs and expenses, if requested by the Trustee.

Amendment of the De Beers Guarantee may be authorized by written consent of the holders of at least 75% of the outstanding Series B Preference Shares or by at least 75% of the votes cast at a meeting of the holders of the Series B Preference Shares.

The foregoing summary does not purport to be a complete description of the provisions of the De Beers Guarantee which is available for inspection as stated in paragraph 30 of the Statutory Information forming part of this prospectus.

As of June 15, 1966 De Beers executed a substantially similar agreement in favour of National Trust Company, Limited as trustee for the holders of Series A Preference Shares.

Consent of the South African Reserve Bank to De Beers Guarantee

The South African Reserve Bank, the central bank of the Republic of South Africa, consented in a letter to De Beers dated August 11, 1966 to De Beers entering into the De Beers Guarantee and stated that, upon formal application being made, the Bank would authorise the provision to De Beers of the Canadian dollars necessary to meet any obligations under the De Beers Guarantee.

To the best of the knowledge of De Beers and of the Company, the South African Reserve Bank has never withdrawn its consent to the purchase or payment of a foreign currency to fulfill a contractual obligation or caused any firm or corporation coming under its jurisdiction to fail to meet its obligations involving payment in a foreign currency.

Debhold (Canada) Limited
Balance Sheet and Pro Forma Balance Sheet
as at August 5, 1966

The pro forma balance sheet gives effect to:

- (i) the issue and sale of 100,000 6¼% Cumulative Redeemable Preference Shares, Series B for an aggregate consideration of \$10,000,000, and
- (ii) the payment of expenses and underwriting commission with respect to this transaction estimated at \$300,000.

Assets	Balance Sheet	Pro Forma Balance Sheet
Current Assets:		
Cash.....	\$ 4,953	\$ 9,704,953
Term deposits with bankers.....	3,900,000	3,900,000
Due from De Beers Consolidated Mines, Limited (Note 1).....	131,190	131,190
Loans receivable.....	2,276,000	2,276,000
Accrued interest receivable.....	25,122	25,122
Total current assets.....	6,337,265	16,037,265
Investment — at cost (Note 2):		
1,663,875 shares of Anglo American Corporation of Canada Limited....	18,138,750	18,138,750
Organization and Share Issue Expenses — at cost.....	66,660	366,660
	\$24,542,675	\$34,542,675
Liabilities		
Current Liabilities:		
Accounts payable and accrued charges.....	\$ 8,500	\$ 8,500
Income taxes payable.....	23,900	23,900
Dividend payable.....	156,525	156,525
Due to Anglo American Corporation of Canada Limited (Note 2)....	3,965,000	3,965,000
Total current liabilities.....	4,153,925	4,153,925
Shareholders' Equity		
Capital Stock (Notes 1, 3, 4 and 5):		
Authorized —		
300,000 preference shares with a par value of \$100 each (issuable in series)		
600,000 common shares with a par value of \$10 each		
Issued and fully paid —		
150,000 6% Cumulative Redeemable Preference Shares, Series A.....	15,000,000	15,000,000
100,000 6¼% Cumulative Redeemable Preference Shares, Series B.....	—	10,000,000
516,375 common shares.....	5,163,750	5,163,750
	20,163,750	30,163,750
Contributed Surplus — arising from the issuance of common shares (Note 3).....	225,000	225,000
Contributed Surplus — arising under guarantee (Note 1).....	—	—
Retained Earnings.....	—	—
Total shareholders' equity.....	20,388,750	30,388,750
	\$24,542,675	\$34,542,675

Approved by the Board:

(Signed) IAN D. DAVIDSON, Director.

(Signed) R. M. SALE, Director.

The accompanying notes are an integral part of the foregoing balance sheet and pro forma balance sheet and should be read in conjunction therewith.

Debhold (Canada) Limited

Statement of Income and Retained Earnings

for the Period from Incorporation, June 9, 1966, to August 5, 1966

Income:		
Interest on loans and short-term investments.....		\$60,277
Expenses:		
Administration and secretarial.....	\$ 400	
Legal and audit.....	10,642	11,042
Income for the period before income taxes.....		49,235
Provision for income taxes.....		23,900
Net income for the period.....		25,335
Add:		
Transfer from contributed surplus arising under guarantee.....		131,190
		156,525
Less:		
Dividend on 6% Cumulative Redeemable Preference Shares, Series A.....		156,525
Retained Earnings, August 5, 1966.....		\$ —

Statement of Contributed Surplus Arising under Guarantee

for the Period from Incorporation, June 9, 1966, to August 5, 1966

Contribution during period (Note 1).....	\$131,190
Less:	
Transfer to retained earnings.....	131,190
Balance, August 5, 1966.....	\$ —

Notes to Financial Statements

1. Under an agreement dated as of June 15, 1966, De Beers Consolidated Mines, Limited guaranteed to provide the company with sufficient distributable surplus and cash to enable it to pay:
 - (a) on each dividend date the full dividend accrued to such date on the Series A preference shares then outstanding,
 - (b) on any date on which any of the Series A preference shares have been called for redemption, the full then current redemption price of such Series A preference shares, and
 - (c) on the winding up or liquidation of the company, the full then liquidation price of the Series A preference shares then outstanding.

On August 23, 1966, the company was advised by De Beers Consolidated Mines, Limited that it had agreed to contribute, as at August 5, 1966, \$131,190 under the guarantee.

Pro forma:

As of August 15, 1966, De Beers Consolidated Mines, Limited executed a guarantee agreement relating to the Series B preference shares in a form substantially similar to the guarantee agreement relating to the Series A preference shares.

2. The company's investment in 1,663,875 shares of Anglo American Corporation of Canada Limited, being 21.72% of the outstanding shares of that company, includes 450,000 shares at a cost of \$5,000,000 subscribed for on July 15, 1966 but not paid for in full at August 5, 1966. The balance of the subscription price, which is included in current liabilities in the accompanying balance sheet, was paid on August 11, 1966.

The company's equity in the net assets of Anglo American Corporation of Canada Limited, based on the market values of quoted investments, exceeded the cost of the company's investment therein at August 5, 1966.

3. On June 28, 1966 the company issued 516,375 common shares for an aggregate consideration of \$5,388,750, of which \$2,250,000 was received in cash and \$3,138,750 was satisfied by a transfer of securities. The aggregate consideration exceeded the par value of the shares issued by \$225,000 and that amount was credited to contributed surplus.
4. Under letters patent dated June 9, 1966, 150,000 of the authorized preference shares were designated 6% Cumulative Redeemable Preference Shares, Series A. The Series A preference shares are redeemable at any time after June 1, 1981 and on or before June 1, 1982 at a price of \$102.50 and thereafter at prices decreasing by \$0.50 annually until June 1, 1986 and thereafter at par, in each case together with accrued and unpaid dividends. On June 29, 1966 the company issued 150,000 6% Cumulative Redeemable Preference Shares, Series A for \$15,000,000 in cash.
5. Under supplementary letters patent dated August 15, 1966, as amended by supplementary letters patent dated August 31, 1966, 100,000 of the authorized preference shares were designated 6¼% Cumulative Redeemable Preference Shares, Series B. The Series B preference shares are redeemable at any time after September 1, 1981 and on or before September 1, 1982 at a price of \$102.50 and thereafter at prices decreasing by \$0.50 annually until September 1, 1986 and thereafter at par, in each case together with accrued and unpaid dividends.

Auditors' Report

TO THE DIRECTORS OF
DEBHOLD (CANADA) LIMITED:

We have examined the balance sheet and pro forma balance sheet of Dehold (Canada) Limited as at August 5, 1966 and the statements of income and retained earnings and contributed surplus arising under guarantee for the period from incorporation, June 9, 1966, to August 5, 1966. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of income and retained earnings and contributed surplus arising under guarantee present fairly the financial position of the company as at August 5, 1966 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles consistently applied.

Further, in our opinion, the accompanying pro forma balance sheet presents fairly the financial position of the company as at August 5, 1966 after giving effect as of that date to the transactions set out in the headnote thereto, in accordance with generally accepted accounting principles consistently applied.

Toronto, Ontario
September 8, 1966

(Signed) DELOITTE, PLENDER, HASKINS & SELLS
Chartered Accountants

The financial statements (unconsolidated and consolidated) of De Beers Consolidated Mines, Limited as at December 31, 1965 and for the year ended on that date, which are stated in South African rand (the current exchange rate is set forth in the footnote on page 4) together with the notes thereto and the auditors' report thereon, all of which appear on the following pages 12 to 23 inclusive, have been extracted from the 1965 Annual Report of De Beers Consolidated Mines, Limited.

De Beers Consolidated Mines, Limited

Balance Sheet 31st December, 1965

Share Capital	R	R
Authorized:		
800,000 preference shares of R5 each	4,000,000	
37,500,000 deferred shares of 50c. each.	18,750,000	
	<u>R22,750,000</u>	
Issued		21,035,000
800,000 preference shares of R5 each fully paid	4,000,000	
34,070,552 deferred shares of 50c. each fully paid.	17,035,000	
Capital Reserve (note 8)		27,049,000
Funds appropriated for expenditure on fixed diamond mining assets.		
Revenue Reserves.		37,450,000
General reserve	34,532,000	
Stores reserve	1,277,000	
Unappropriated profits	<u>1,641,000</u>	
Special Reserve		6,135,000
Reserve for authorized expenditure on machinery, permanent works and buildings.		
As at 31st December, 1964	8,025,000	
Less: Expenditure during year transferred to capital reserve. . .	7,890,000	
	<u>135,000</u>	
Add: Transferred from appropriation account.	<u>6,000,000</u>	
		<u>91,669,000</u>
Current Liabilities		31,509,000
Amounts due to subsidiary companies	2,957,000	
Sundry shareholders.	25,663,000	
Sundry creditors	<u>2,889,000</u>	
		<u><u>R123,178,000</u></u>

A. S. Hall, *Secretary*
W. H. Ferrar, *Chief Accountant*
29th March, 1966

De Beers Consolidated Mines, Limited

Balance Sheet 31st December, 1965

	R	R	R
Fixed Assets (note 7)			
Diamond Mining			27,049,000
Claims, mining interests, estates and farms . . .		12,734,000	
Machinery, permanent works and buildings at nominal value R1		—	
Interests in diamond mining and allied companies		14,315,000	
Shares in subsidiary companies	10,087,000		
Loans to subsidiary companies	1,478,000		
	<u>11,565,000</u>		
Trade investments	845,000		
Loan	1,905,000		
	<u> </u>	<u> </u>	
Diamond Trading			27,746,000
Shares in subsidiary company		23,500,000	
Trade investments		4,246,000	
		<u> </u>	
			54,795,000
Stores and Materials			1,277,000
Diamonds on hand at cost of production			1,099,000
Investments			20,487,000
Quoted (market value R58,328,000)		15,776,000	
Subsidiary companies	9,889,000		
Other companies	5,887,000		
	<u> </u>		
Unquoted at cost less amounts written off		4,711,000	
Subsidiary companies	3,095,000		
Other companies	1,616,000		
	<u> </u>	<u> </u>	
Current Assets			45,520,000
Quoted Government and Local Authority securities.		5,318,000	
Less: Provision for depreciation		400,000	
(market value R4,958,000)		<u>4,918,000</u>	
Amounts due by subsidiary companies		16,587,000	
Fixed deposits and short-term loans		575,000	
Sundry debtors		4,464,000	
Cash at call, at bankers and in hand		<u>18,976,000</u>	
			<u><u>R123,178,000</u></u>

Directors:

H. F. Oppenheimer, *Chairman*

A. Wilson

This balance sheet to be read in conjunction with notes on the accounts appearing on pages 21 and 22.

The figures in these statements are expressed in South African rand. The current exchange rate is set forth in the footnote on page 4.

De Beers Consolidated Mines, Limited

Profit and Loss Account for the Year 1965

	R	R
Mining expenditure.....	8,946,000	
Add: Increase in stores reserve.....	<u>194,000</u>	
		9,140,000
Prospecting and research.....		2,785,000
General charges.....		940,000
Interest on capital of leased subsidiary companies.....		305,000
Balance carried to appropriation account.....		42,321,000
		<u><u>R55,491,000</u></u>

Appropriation Account

	R	R
Government's share of profits under mining lease.....		889,000
Taxation.....		1,920,000
In respect of profits for the year.....	1,930,000	
Less: Overprovided in previous year.....	<u>10,000</u>	
Funds appropriated for expenditure on fixed diamond mining assets....		645,000
Reserve for authorized expenditure on machinery, permanent works and buildings.....		6,000,000
Preference dividends.....		1,600,000
R1 per share declared 2nd June, 1965.....	800,000	
R1 per share declared 16th November, 1965.....	<u>800,000</u>	
Deferred dividends.....		34,071,000
Interim dividend of 30 cents per share declared 14th September, 1965....	10,221,000	
Final dividend of 70 cents per share declared 16th March, 1966.....	<u>23,850,000</u>	
Directors' additional remuneration.....		40,000
Balance carried to balance sheet.....		1,641,000
		<u><u>R46,806,000</u></u>

De Beers Consolidated Mines, Limited

Profit and Loss Account for the Year 1965

	R
Diamond account	24,990,000
Interest and dividends on investments, including dividends from trade investments R5,293,000	30,419,000
Sundry revenue	82,000

R55,491,000

Appropriation Account

	R
Balance unappropriated 31st December, 1964	4,485,000
Balance from profit and loss account	42,321,000

R46,806,000

The figures in these statements are expressed in South African rand. The current exchange rate is set forth in the footnote on page 4.

De Beers Consolidated Mines, Limited and its Subsidiary Companies

Consolidated Balance Sheet 31st December, 1965

	R	R
Share Capital of De Beers Consolidated Mines, Limited		
Authorized:		
800,000 preference shares of R5 each.....	4,000,000	
37,500,000 deferred shares of 50 cents each.....	18,750,000	
	<u>R22,750,000</u>	21,013,000
Issued:		
800,000 preference shares of R5 each fully paid.....	4,000,000	
Less: 4,481 preference shares held by subsidiary companies....	22,000	
	<u>3,978,000</u>	
34,070,552 deferred shares of 50 cents each fully paid.....	17,035,000	
Share Premiums.....		7,315,000
Net interest in premiums of subsidiary companies:		
Prior to 1st January, 1953.....	953,000	
Subsequent to 1st January, 1953.....	<u>6,362,000</u>	
Capital Reserve.....		41,327,000
Funds appropriated for expenditure on fixed diamond mining assets.		
Revenue Reserves.....		259,200,000
General reserves.....	240,734,000	
Unappropriated profits.....	<u>18,466,000</u>	
Special Reserve.....		9,701,000
Reserve for authorized expenditure on machinery, permanent works and buildings.		
Total capital and reserves attributable to De Beers Consolidated Mines, Limited.....		<u>338,556,000</u>
Outside Interests in Capital and Reserves of Subsidiary Companies.....		58,909,000
Minority shareholders' interest.....	57,484,000	
Government's interest in a subsidiary company.....	<u>1,425,000</u>	
Current Liabilities.....		71,580,000
Taxation.....	24,131,000	
Shareholders of De Beers Consolidated Mines, Limited, for unpaid and unclaimed dividends.....	25,658,000	
Minority shareholders of subsidiary companies for unpaid and unclaimed dividends.....	3,341,000	
Short-term loans.....	1,564,000	
Sundry creditors.....	<u>16,886,000</u>	
		<u>R469,045,000</u>

A. S. Hall, *Secretary*

W. H. Ferrar, *Chief Accountant*

29th March, 1966

**De Beers Consolidated Mines, Limited
and its Subsidiary Companies**

**Consolidated Balance Sheet
31st December, 1965**

	R	R	R
Fixed Assets (note 7)			
Diamond Mining.....			43,864,000
Claims, mining interests, estates and farms....		25,595,000	
Machinery, permanent works and buildings at nominal value R1.....		—	
Interests in diamond mining and allied companies		18,269,000	
Shares in subsidiary companies not consolidated	6,198,000		
Trade investments.....	10,166,000		
Loan.....	<u>1,905,000</u>		
Diamond Trading.....			7,723,000
Trade investments			<u>51,587,000</u>
Loans and Advances to Subsidiary Companies not con- solidated.....			9,086,000
Net Excess of cost of investments in subsidiary com- panies over their nominal value, excluding minority interests therein and after adjustments on consolida- tion.....			5,069,000
Stores and Materials.....			4,869,000
Diamonds on Hand.....			34,512,000
Mining companies at cost of production.....		4,520,000	
Other companies at cost.....		<u>29,992,000</u>	
Investments.....			161,055,000
Quoted securities.....		97,912,000	
(market value R174,844,000)			
Unquoted securities.....		51,722,000	
Long-term loans.....		<u>11,421,000</u>	
Current Assets.....			202,867,000
Government and Local Authority securities and loans.			
Quoted securities.....		13,171,000	
Less: Provision for depreciation.....		470,000	
(market value R12,439,000).....		<u>12,701,000</u>	
Unquoted securities.....		454,000	
		<u>13,155,000</u>	
Fixed deposits and short-term loans.....		1,411,000	
Sundry debtors.....		21,917,000	
Cash at call, at bankers and in hand.....		<u>166,384,000</u>	
			<u>R469,045,000</u>

Directors:

H. F. Oppenheimer, *Chairman*
A. Wilson

This balance sheet to be read in conjunction with the attached statement of interest in the net assets of subsidiary companies not consolidated and with the notes on the accounts on pages 21 and 22.

The figures in these statements are expressed in South African rand. The current exchange rate is set forth in the footnote on page 4.

De Beers Consolidated Mines, Limited and its Subsidiary Companies

Consolidated Profit and Loss and Appropriation Account for the Year 1965

	R	R
Mining expenditure.....	26,194,000	
Add: Increase in stores reserve.....	<u>1,105,000</u>	
		27,299,000
Prospecting and research.....		6,687,000
General charges.....		4,021,000
Group profit, before taxation, carried down.....		114,806,000
		<u><u>R152,813,000</u></u>
Government's share of profits under mining lease.....		889,000
Taxation.....		32,131,000
In respect of profits for the year.....	32,117,000	
Underprovided in previous year.....	<u>14,000</u>	
Group profit after taxation.....		81,786,000
Attributable to outside interests in subsidiary companies.....	8,930,000	
Attributable to De Beers Consolidated Mines, Limited, carried down...	<u>72,856,000</u>	
		<u><u>R114,806,000</u></u>
Transfers to reserves.....		40,233,000
Capital reserves.....	6,356,000	
Revenue reserves.....	22,994,000	
Special reserves.....	<u>10,883,000</u>	
Dividends declared to shareholders of De Beers Consolidated Mines, Limited.....		35,662,000
Preference dividends.....	1,591,000	
Deferred dividends.....	<u>34,071,000</u>	
Balance carried to balance sheet.....		18,466,000
		<u><u>R 94,361,000</u></u>

**De Beers Consolidated Mines, Limited
and its Subsidiary Companies**
**Consolidated Profit and Loss and Appropriation Account
for the Year 1965**

	R	R
Diamond account.....		116,175,000
Interest and dividends on investments, including dividends from trade investments R8,453,000.....		32,323,000
Royalties.....		3,158,000
Sundry revenue.....		709,000
Surplus on sale of fixed assets.....		—
Surplus on investments realized less amounts written off investments...		448,000
		<u>R152,813,000</u>
 Group profit, before taxation, brought down.....		 114,806,000
		 <u>R114,806,000</u>
 Group profit, after taxation, attributable to De Beers Consolidated Mines, Limited, brought down.....		 72,856,000
Unappropriated balance at 31st December, 1964.....	21,472,000	
Add: Adjustments in minority interests in unappropriated balances of subsidiaries at 31st December, 1964, due to acquisitions and disposals by De Beers Consolidated Mines, Limited, in subsidiary companies during the year.....	<u>33,000</u>	
		21,505,000
		<u>R 94,361,000</u>

This profit and loss account to be read in conjunction with the attached statement of interest in the net loss of subsidiary companies not consolidated and with the notes on the accounts on pages 21 and 22.

The figures in these statements are expressed in South African rand. The current exchange rate is set forth in the footnote on page 4.

De Beers Consolidated Mines, Limited

Statement of Interest in the Net Assets of Subsidiary Companies not Consolidated at 31st December, 1965

	R	R
Fixed Assets.....		8,359,000
Movable property—marine craft, aircraft, diamond recovery and other equipment at cost (note 13).....	7,925,000	
Less: Depreciation and amounts written off.....	1,818,000	
	<u>6,107,000</u>	
Concession and mining rights at cost.....	2,227,000	
Land and buildings at cost.....	19,000	
Trade investment at cost.....	6,000	
	<u>2,252,000</u>	
Prospecting and Pre-production Expenditure (note 12).....		2,071,000
Current Assets.....		1,943,000
Diamonds on hand at net selling price.....	374,000	
Stores and materials.....	657,000	
Debtors and payments in advance.....	494,000	
Cash at call, at bankers and in hand.....	418,000	
	<u>1,883,000</u>	
		<u>12,373,000</u>
Deduct:		
Secured loan (note 13).....	764,000	
Unsecured loans.....	448,000	
Creditors and accrued charges.....	1,111,000	
	<u>2,323,000</u>	
Net Assets of Subsidiary Companies.....		10,050,000
Less: Interest of minority shareholders.....		433,000
Net Assets Attributable to De Beers Consolidated Mines, Limited.....		<u>R9,617,000</u>
Represented in the consolidated balance sheet of De Beers Consolidated Mines, Limited, and its subsidiary companies at 31st December, 1965, by:		
Cost of shares in subsidiary companies not consolidated included under fixed diamond mining assets (note 11).....		R6,198,000
Less: Excess cost of shares over net assets value at dates of acquisition.....		5,012,000
		<u>1,186,000</u>
Loans and advances to subsidiary companies not consolidated.....		9,086,000
		<u>10,272,000</u>
Deduct: Loss since dates of acquisition.....		655,000
		<u><u>R9,617,000</u></u>

Directors:

A. S. Hall, *Secretary*
W. H. Ferrar, *Chief Accountant*
29th March, 1966.

H. F. Oppenheimer, *Chairman*
A. Wilson

The above statement should be read in conjunction with the notes on pages 21 and 22.

De Beers Consolidated Mines, Limited

Statement of Interest in the Net Loss of Subsidiary Companies not Consolidated from Dates of Acquisition to 31st December, 1965

	R	R
Operating and administration expenses.....		3,163,000
Deduct: Gross proceeds of diamond sales.....	3,681,000	
Less: Duty, charges and royalty thereon.....	<u>814,000</u>	2,867,000
		296,000
Add: Depreciation and amounts written off fixed assets.....		728,000
Loss on realization of fixed assets.....		23,000
Interest payable.....		297,000
Shares issue expenses.....		2,000
Taxation.....		<u>2,000</u>
Net Loss of Subsidiary Companies after Taxation.....		1,348,000
Less: Interest of minority shareholders in loss.....		<u>693,000</u>
Proportion of Net Loss of Subsidiary Companies Attributable to De Beers Consolidated Mines, Limited.....		<u><u>R655,000</u></u>

Notes on the Accounts for 1965

De Beers Consolidated Mines, Limited

The foregoing accounts should be read in conjunction with the following notes.

1. All figures are stated to the nearest R1,000.
2. The directors are empowered to dispose of the unissued share capital for any purpose and upon such terms and conditions as they may deem advisable. At 31st December, 1965, 3,429,448 deferred shares of 50 cents each remained unissued.
3. Preference dividends have been paid or credited by a subsidiary company to 30th April, 1944, the arrear dividends at 31st December, 1965, applicable to minority shareholders amounted to R296,000.
4. There are contingent liabilities in respect to the company and the group on account of:
 - (a) Guarantees with others to certain diamond mining companies in respect of agreements which those companies have with a subsidiary company.
 - (b) Guarantee jointly with Imperial Chemical Industries, Limited, for the repayment of capital and interest of an issue of unsecured loan stock of R6,000,000 made by African Explosives and Chemical Industries, Limited.
 - (c) Guarantee jointly and severally with Rand Selection Corporation, Limited, for the servicing and repayment of certain United States dollar loans amounting to U.S. \$15,000,000 made to Rand Selection Corporation, Limited. The servicing and repayment of the loans are covered by forward exchange contracts with the South African Reserve Bank.
 - (d) Guarantee jointly and severally with Anglo American Corporation of South Africa, Limited, for the servicing and repayment of a foreign loan to Highveld Steel and Vanadium Corporation, Limited, amounting to 100,000,000 Deutsche Marks. The servicing and repayment of the loan are covered by forward exchange contracts with the South African Reserve Bank.
 - (e) Guarantees to Building Societies in respect of housing loans to employees amounting to R166,000.
 - (f) Guarantee by a subsidiary company of up to R1,950,000 to Imperial Chemical Industries, Limited.
 - (g) An uncalled balance on shares of R638,000 in respect of the company and R985,000 in respect of the group.
 - (h) Outstanding orders for machinery, equipment etc., in subsidiary companies estimated at R261,000.

5. The aggregate amount of assets consisting of shares in, or amounts owing by, the company's subsidiaries as detailed under separate headings in the company's balance sheet is shares R46,571,000, indebtedness R18,065,000.
6. No account has been taken of exhaustion of ore reserves, nor has depreciation been written off fixed diamond mining assets, renewals and replacements being charged direct to mining expenditure.
7. Fixed Assets, with the exception of "Machinery, permanent works and buildings" and "Shares in subsidiary companies", are shown at the net amount standing in the company's books at 31st December, 1952, with additions since at cost less sales.

The value for "Machinery, permanent works and buildings" of R1 in the company's accounts and R1 in the group accounts is arrived at as follows:

	Company	Group
	R	R
Book value at 31st December, 1952	1	1
Additions since at cost less sales	28,665,000	76,908,000
	<u>28,665,001</u>	<u>76,908,001</u>
Less: Transferred from capital reserve	28,665,000	76,908,000
	<u>R 1</u>	<u>R 1</u>

The amount of R10,087,000 for "Shares in subsidiary companies" in the company's balance sheet is arrived at as follows:

Net amount standing in the company's books at 31st December, 1952, with additions since at cost	R14,448,000
Less: Transferred from capital reserve	<u>4,361,000</u>
	<u>R10,087,000</u>

8. The following tabulation shows the movement in the capital reserve in the company's balance sheet.

Funds appropriated for expenditure on fixed diamond mining assets:	
Balance at 31st December, 1964	P 26,403,000
Add: Transferred from reserve for authorized expenditure on machinery, permanent works and buildings	7,890,000
Transferred from appropriation account	<u>645,000</u>
	<u>34,938,000</u>
Less: Applied in writing down:	
Machinery, permanent works and buildings	<u>7,889,000</u>
Balance at 31st December, 1965	<u>R27,049,000</u>

9. The remuneration of directors as required to be stated in pursuance of section 90 of the Companies Act, 1926, as amended, inclusive of remuneration from subsidiary companies is as follows:

Aggregate amount of directors' emoluments in respect of services as directors	R148,000
And in respect of other services	<u>R16,000</u>
10. Sterling and Rhodesian currencies have been converted into South African currency at the rate of £1 equal to R2, other currencies at the rates ruling at the year end.

*Statements of Interest in the Net Assets and Net Loss of
Subsidiary Companies not Consolidated*

11. In accordance with the policy of the group regarding fixed diamond mining assets, an amount equal to the cost of the shares in the subsidiary companies has been added to capital reserve in the accounts of The Consolidated Diamond Mines of South-West Africa, Limited.
12. Prior to date of acquisition of the subsidiary companies, prospecting and pre-production expenditure was capitalized in the accounts of those companies. Since that date all such expenditure has been charged to operating expenses, and the total for the period was R178,000.
13. Movable property is encumbered by general notarial bonds and mortgage bonds registered or to be registered, in favour of the holders of secured loans. Certain marine craft having a book value of R800,000 have not yet been registered in the name of the subsidiary company.
14. There are commitments of the subsidiary companies for capital expenditure estimated at R310,000.
15. No comparative figures have been supplied as these are the first statements prepared since date of acquisition.

Auditors' Report

To the shareholders

De Beers Consolidated Mines, Limited

We have examined the books and accounts and vouchers of the company, and have satisfied ourselves of the existence of the securities. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company so far as appears from our examination of those books.

The attached balance sheet and profit and loss account are in agreement with the books of account and, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1926, as amended, in the manner so required, and the balance sheet gives a true and fair view of the state of the company's affairs as at 31st December, 1965, and the profit and loss account gives a true and fair view of the profit for the year ended on that date.

We have also examined the annexed group accounts of the company and its subsidiaries with the audited accounts of those companies. In our opinion such group accounts have been properly prepared in accordance with the provisions of the Companies Act, 1926, as amended, so as to give a true and fair view respectively of the state of affairs, and of the profit of the company and its subsidiaries, dealt with thereby so far as concerns the members.

Kimberley,
29th March, 1966.

HOWARD PIM & HARDY } *Auditors*
SALISBURY, BEATON & RAYNHAM } *Chartered Accountants (S.A.)*

Statutory Information

1. Debhold (Canada) Limited (herein called the "Company") has its head office at Suite 2800, 25 King Street West, Toronto, Ontario.

2. The Company was incorporated under the laws of the Province of Ontario by letters patent dated June 9, 1966. Supplementary letters patent dated August 15, 1966, as amended by supplementary letters patent dated August 31, 1966, have been issued to the Company for the purpose of designating 100,000 of the authorized Preference Shares of the Company as 6¼% Cumulative Redeemable Preference Shares, Series B and attaching thereto the conditions relating to the Series B Preference Shares set forth in paragraph 9 hereof.

3. The business actually transacted and to be transacted by the Company is investing in securities. The Company is empowered by its charter to purchase or otherwise acquire and hold bonds, debentures, shares of capital stock and other securities and obligations and such other property and rights and interests in property as the Company shall deem fit. The board of directors is responsible for the overall direction of the Company's investments and policies. For further particulars reference is made to page 3 of this prospectus.

4. Directors

SIR KEITH ACUTT, K.B.E.....	Executive	"Dhlulu Miti," 3rd Avenue, Parktown, Johannesburg, South Africa
IAN DOUGLAS DAVIDSON, C.B.E.....	Executive.....	115 Riverview Drive, Toronto, Ontario
GREY CAMPBELL FLETCHER, M.C.....	Executive	"High Riding," Cleveland Road, Sandhurst, Johannesburg, South Africa
ALLAN GRAYDON, Q.C.....	Solicitor.....	408 Russell Hill Road, Toronto, Ontario
RHYS MANLY SALE.....	Executive	3 Ennisclaire Drive, Oakville, Ontario

Officers

SIR KEITH ACUTT, K.B.E.....	Chairman of the Board.....	"Dhlulu Miti," 3rd Avenue, Parktown, Johannesburg, South Africa
ALLAN GRAYDON, Q.C.....	President	408 Russell Hill Road, Toronto, Ontario
THOMAS PHILIP SULLIVAN, C.A.....	Secretary-Treasurer.....	1 Wexford Boulevard, Toronto, Ontario

5. The Company has no investment advisory committee or similar body. Investment decisions are made by the board of directors of the Company. Reference is made to paragraph 4 hereof for the names and home addresses in full of each of the directors. The business experience of the directors for the preceding five years has been as follows:

Sir Keith Acutt is and has been for more than five years executive director and Deputy Chairman of Anglo American Corporation of South Africa Limited. He is also a director and Chairman of Orange Free State Investment Trust Limited and West Rand Investment Trust Limited; a director and Deputy Chairman of Zambian Anglo American Limited; and a director of Hudson Bay Mining and Smelting Co., Limited, Charter Consolidated Limited, De Beers Consolidated Mines, Limited, Johannesburg Consolidated Investment Company Limited and Rand Selection Corporation Limited.

Ian Douglas Davidson was President of Canadian Shell Limited from July 1957 to December 1961. He is and has been for approximately the last four years a director of The Western Assurance Company, The British America Assurance Company and a Canadian chartered bank.

Grey Campbell Fletcher has for many years been primarily concerned with the financial affairs of Anglo American Corporation of South Africa Limited of which he was elected a director in March 1966. He is also a director of National Finance Corporation of South Africa, Orange Free State Investment Trust Limited and Rand Mines Limited.

Allan Graydon is and has been a senior partner in the law firm of Blake, Cassels & Graydon. He also is and has been a director of The Steel Company of Canada, Limited, Abitibi Paper Company Ltd., a Canadian chartered bank, Ebro Irrigation & Power Company Limited and Transcontinental Timber Company Limited. He is and has been Chairman of the Board and a director of Barcelona Traction, Light and Power Company, Limited.

Rhys Manly Sale is and has been a director of Ford Motor Company of Canada, Limited (of which he was President from 1950 to 1961), The Great-West Life Assurance Company, a Canadian chartered bank, Union Gas Company of Canada, Limited, Canada Permanent Trust Company and Corporate Investors Limited.

6. The auditors of the Company are Messrs. Deloitte, Plender, Haskins & Sells, Chartered Accountants, 55 Yonge Street, Toronto, Ontario.
7. The transfer agents and registrars for the Preference Shares of the Company are: Series A — National Trust Company, Limited at Toronto, Montreal and Winnipeg; Series B — National Trust Company, Limited at Toronto, Montreal, Winnipeg and Vancouver. The common shares are transferable at the head office of the Company.
8. The authorized share capital of the Company is \$36,000,000 divided into 300,000 Preference Shares with a par value of \$100 each, issuable in series, and 600,000 common shares with a par value of \$10 each. 150,000 of the Preference Shares have been designated 6% Cumulative Redeemable Preference Shares, Series A. All of the Series A Preference Shares and 516,375 common shares have been issued and fully paid up and are outstanding. 100,000 of the Preference Shares have been designated 6¼% Cumulative Redeemable Preference Shares, Series B and are the securities offered by this prospectus.
9. The respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of shares, including redemption rights and rights on liquidation or distribution of capital assets, are as follows:

Conditions Attaching to the Preference Shares as a Class

The 300,000 Preference Shares with a par value of \$100 each (which, as a class, are herein referred to as the "preference shares") have attached thereto, as a class, the following preferences, rights, conditions, restrictions, limitations and prohibitions:

- (a) The preference shares may at any time and from time to time be issued in one (1) or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors; the directors of the Company may (subject as hereinafter provided) by resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the preference shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the date of payment thereof, the redemption prices and terms and conditions of redemption, conversion rights (if any) and any sinking fund or other provisions, the whole subject to the issue of Supplementary Letters Patent confirming and declaring the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the preference shares of such series;
- (b) The preference shares of each series shall be entitled to preference over the common shares of the Company, and over any other shares ranking junior to the preference shares, with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other

distribution of assets of the Company among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the common shares and over any other shares ranking junior to the preference shares as may be determined as to the respective series authorized to be issued;

- (c) The preference shares of each series shall rank on a parity with the preference shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs;
- (d) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the preference shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the preference shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the preference shares nor shall the Company call for redemption or purchase for cancellation or reduce or otherwise pay off less than all the preference shares then outstanding or any shares of the Company ranking junior to the preference shares unless all dividends up to and including the dividend payable for the last completed quarter on each series of the preference shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment off;
- (e) The holders of the preference shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate six (6) quarterly dividends on the preference shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and unless and until six (6) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only so long as any dividends on the preference shares of any series remain in arrears the holders of the preference shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each preference share held and shall be entitled, voting separately and as a class, to elect two (2) members of the board of directors of the Company; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors; holders of common shares shall be entitled to one (1) vote for each common share held by them at all shareholders' meetings;
- (f) Notwithstanding anything contained in the by-laws of the Company, all directors of the Company in office at any time when the right to elect directors shall accrue to the holders of preference shares as herein provided, or who may be elected as directors thereafter and before a meeting of shareholders hereinafter referred to, shall retire at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right; any such general meeting of shareholders to elect directors may be called upon not less than fifteen (15) days' notice and shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding preference shares; in default of the calling of such general meeting by the secretary within five (5) days after the making of such request, such meeting may be called by any holder of record of preference shares; any vacancy or vacancies occurring among members of the board elected to represent the holders of preference shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director or directors elected to represent the holders of preference shares but if there be no such remaining director or directors, the board may elect or appoint sufficient holders of preference shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding preference shares shall have the right to require the secretary of the Company to call a meeting of the holders of preference shares for the purpose of filling the vacancy or vacancies and the provisions of this clause (f) shall apply with respect to the calling of any such meeting; the holding of one (1)

preference share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of preference shares; upon any termination of the voting rights of the holders of the preference shares, the term of office of the directors elected to represent the holders of preference shares shall forthwith terminate;

- (g) In any case of redemption of preference shares of any series under the provisions attaching thereto, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of preference shares to be redeemed a notice in writing of the intention of the Company to redeem such preference shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and, if part only of the preference shares held by the person to whom it is addressed is to be redeemed, the number of shares so to be redeemed and the series thereof; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the preference shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates representing the preference shares so called for redemption; such payment shall be made by cheques payable at par at any branch of the Company's bankers for the time being in Canada; if a part only of the preference shares represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the preference shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any preference shares as aforesaid to deposit the redemption price of the preference shares so called for redemption or of such of the said shares as are represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of such preference shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the preference shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company; and
- (h) The authorization required by The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the preference shares as a class or to create preference shares ranking in priority to or on a parity with the preference shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the preference shares duly called for that purpose and held upon at least fifteen (15) days' notice; such meeting shall be held and such notice shall be given in accordance with the by-laws of the Company, and each holder of a preference share shall be entitled to one (1) vote at such meeting in respect of each preference share held.

Conditions Attaching to the Series A Preference Shares

The first series of preference shares consists of 150,000 shares designated 6% Cumulative Redeemable Preference Shares, Series A (herein referred to as the "Series A preference shares") which have attached thereto as a series the following preferences, rights, conditions, restrictions, limitations and prohibitions, in addition to those attaching to the preference shares as a class:

- (1) The holders of the Series A preference shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash divi-

dends at the rate of six per cent (6%) per annum payable quarterly on the first days of March, June, September and December in each year on the amounts from time to time paid up thereon; such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all the Series A preference shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the Series A preference shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for;

- (2) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the Series A preference shares shall be entitled to receive the amount paid up on such shares, together with an amount equal to all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution), whether or not earned or declared, before any amount shall be paid or any property or assets of the Company distributed to the holders of any common shares or shares of any other class ranking junior to the Series A preference shares; if the liquidation, dissolution, winding up or other distribution be voluntary, the holders of the Series A preference shares shall in addition be entitled to receive a premium of six per cent (6%) of the amount paid up thereon if the date of distribution be on or before June 1, 1971, five per cent (5%) thereafter and on or before June 1, 1976, four per cent (4%) thereafter and on or before June 1, 1981, two and one-half per cent (2½%) thereafter and on or before June 1, 1982, two per cent (2%) thereafter and on or before June 1, 1983, one and one-half per cent (1½%) thereafter and on or before June 1, 1984, one per cent (1%) thereafter and on or before June 1, 1985, and one-half of one per cent (½ of 1%) thereafter and on or before June 1, 1986, after which date no premium shall be payable; upon payment to the holders of the Series A preference shares of the amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;
- (3) Subject to the provisions of clause (d) of the provisions attaching to the preference shares as a class, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series A preference shares outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Series A preference shares outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the amount which the holders of such shares would have been entitled to receive under clause (2) hereof upon a voluntary liquidation if the date of purchase had been the date of distribution, plus costs of purchase; if upon any invitation for tenders under the provisions of this clause the Company shall receive tenders at the lowest price which the Company may be willing to pay for more Series A preference shares than the Company is prepared to accept, the Series A preference shares so tendered shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series A preference shares so tendered by each holder thereof;
- (4) Subject to the provisions of clause (d) of the provisions attaching to the preference shares as a class, the Company may upon giving notice as provided in clause (g) of the said provisions redeem at any time after June 1, 1981, the whole, or from time to time after that date any part, of the then outstanding Series A preference shares on payment for each share to be redeemed of the amount which the holder of such share would have been entitled to receive under clause (2) hereof upon voluntary liquidation if the date specified for redemption had been the date of distribution; and
- (5) No application for Supplementary Letters Patent to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Series A preference shares as a series, or to create any class of shares ranking in priority to or on a parity with the preference shares, or to increase the authorized amount of preference shares, shall be made by the Company unless such application shall have been authorized by at least two-thirds (⅔) of the votes cast

at a meeting of the holders of the Series A preference shares duly called for that purpose upon at least fifteen (15) days' notice, such authorization to be in addition to the authorization required by the conditions attaching to the preference shares as a class and to any other authorization required by law; such meeting shall be held and such notice shall be given in accordance with the by-laws of the Company, and each holder of a Series A preference share shall be entitled to one (1) vote at such meeting in respect of each Series A preference share held.

Conditions Attaching to the Series B Preference Shares

The second series of preference shares consists of 100,000 shares designated $6\frac{1}{4}\%$ Cumulative Redeemable Preference Shares, Series B (herein referred to as the "Series B preference shares") which have attached thereto as a series the following preferences, rights, conditions, restrictions, limitations and prohibitions, in addition to those attaching to the preference shares as a class:

- (1) The holders of the Series B preference shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at the rate of six and one-quarter per cent ($6\frac{1}{4}\%$) per annum payable quarterly on the first days of March, June, September and December in each year on the amounts from time to time paid up thereon; such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the date of allotment; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends; if on any dividend payment date the dividend payable on such date is not paid in full on all the Series B preference shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the Series B preference shares shall not be entitled to any dividends other than or in excess of the cash dividends hereinbefore provided for;
- (2) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs the holders of the Series B preference shares shall be entitled to receive the amount paid up on such shares, together with an amount equal to all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date of distribution), whether or not earned or declared, before any amount shall be paid or any property or assets of the Company distributed to the holders of any common shares or shares of any other class ranking junior to the Series B preference shares; if the liquidation, dissolution, winding up or other distribution be voluntary, the holders of the Series B preference shares shall in addition be entitled to receive a premium of six per cent (6%) of the amount paid up thereon if the date of distribution be on or before September 1, 1971, five per cent (5%) thereafter and on or before September 1, 1976, four per cent (4%) thereafter and on or before September 1, 1981, two and one-half per cent ($2\frac{1}{2}\%$) thereafter and on or before September 1, 1982, two per cent (2%) thereafter and on or before September 1, 1983, one and one-half per cent ($1\frac{1}{2}\%$) thereafter and on or before September 1, 1984, one per cent (1%) thereafter and on or before September 1, 1985, and one half of one per cent ($\frac{1}{2}\%$) thereafter and on or before September 1, 1986, after which date no premium shall be payable; upon payment to the holders of the Series B preference shares of the amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;
- (3) Subject to the provisions of clause (d) of the provisions attaching to the preference shares as a class, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Series B preference shares outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Series B preference shares outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the amount which the holders of such shares would have been entitled to receive under clause (2) hereof upon a voluntary liquidation if the date of purchase had been the date of distribution, plus costs of purchase; if upon any invitation for tenders under the provisions of this clause more Series B preference shares are

tendered at a price or prices acceptable to the Company than the Company is willing to purchase, the Company will accept, to the extent required, the tenders submitted at the lowest price and then, if and as required, the tenders submitted at the next progressively higher prices and if more shares are tendered at any such price than the Company is prepared to purchase, the shares tendered at that price shall be purchased as nearly as may be pro rata (disregarding fractions) according to the number of Series B preference shares so tendered by each holder thereof;

- (4) Subject to the provisions of clause (d) of the provisions attaching to the preference shares as a class, the Company may upon giving notice as provided in clause (g) of the said provisions redeem at any time after September 1, 1981, the whole, or from time to time after that date any part, of the then outstanding Series B preference shares on payment for each share to be redeemed of the amount paid up on such share, together with an amount equal to all accrued and unpaid preferential dividends (which for such purpose shall be calculated as if such dividends were accruing for the period from the expiration of the last quarterly period for which dividends have been paid up to the date specified for redemption), whether or not earned or declared, and a premium of two and one-half per cent ($2\frac{1}{2}\%$) of the amount paid up thereon if the date specified for redemption be on or before September 1, 1982, two per cent (2%) thereafter and on or before September 1, 1983, one and one-half per cent ($1\frac{1}{2}\%$) thereafter and on or before September 1, 1984, one per cent (1%) thereafter and on or before September 1, 1985, and one-half of one per cent ($\frac{1}{2}$ of 1%) thereafter and on or before September 1, 1986, after which date no premium shall be payable; and
- (5) No application for Supplementary Letters Patent to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Series B preference shares as a series, or to create any class of shares ranking in priority to or on a parity with the preference shares, or to increase the authorized amount of preference shares, shall be made by the Company without, but may be made with, the authorization of the holders of the Series B preference shares, in addition to the authorization by special resolution; the authorization of the holders of the Series B preference shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the outstanding Series B preference shares duly called for that purpose upon at least fifteen (15) days' notice; each holder of a Series B preference share shall be entitled to one (1) vote at any such meeting in respect of each Series B preference share held and the presence in person or by proxy of the holders of at least fifty-one per cent (51%) of the Series B preference shares then outstanding shall constitute a quorum for any such meeting; provided that if at any such meeting a quorum is not present within thirty (30) minutes after the time appointed for such meeting it shall be adjourned to such date not less than fifteen (15) days thereafter and to such time and place as may be designated by the chairman of the meeting and not less than seven (7) days' notice shall be given of such adjourned meeting; at such adjourned meeting the holders of Series B preference shares present or represented by proxy shall constitute a quorum and a resolution passed by at least two-thirds ($\frac{2}{3}$) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the Series B preference shares; subject to the foregoing, every such meeting shall be called and held in accordance with the by-laws of the Company.

Common Shares

The common shares carry the right to one (1) vote per share at all annual and general meetings of shareholders of the Company.

10. The Company has no bonds or debentures outstanding or proposed to be issued and there are no other securities issued or proposed to be issued except as stated in paragraph 8.

11. There are no trustee agreements where assets are held to protect the liability to the public in respect of securities sold to the public.

12. No substantial indebtedness has been or is to be created or assumed that is not shown in the balance sheet of the Company as at August 5, 1966 included in this prospectus.

13. No securities are covered by options outstanding or proposed to be given by the Company.

14. The securities offered will be sold to the public by Wood Gundy Securities Limited pursuant to the underwriting agreement referred to in paragraph 19.

15. The securities offered by this prospectus are 100,000 6¼% Cumulative Redeemable Preference Shares, Series B with a par value of \$100 each. The issue price by the Company is stated in paragraph 19 and the issue price to the public is stated on the face of this prospectus.

On June 28, 1966 the Company offered and sold privately 516,375 common shares for an aggregate consideration of \$5,388,750, of which \$2,250,000 was received in cash and \$3,138,750 was satisfied by transfer of securities (for particulars see paragraph 24-25); no commission was paid or is payable in respect thereof.

On June 29, 1966 the Company offered and sold to institutional purchasers, through Wood Gundy Securities Limited, as agents, 150,000 6% Cumulative Redeemable Preference Shares, Series A with a par value of \$100 each, received \$15,000,000 in cash therefor and paid to said agents a commission of \$56,250 in respect of the sale of part of such shares.

16. The estimated net proceeds to be derived from the securities offered hereby on the basis of the same being fully taken up and paid for are \$9,700,000 after deducting a commission of \$275,000 referred to in paragraph 19 and expenses of issue estimated at \$25,000.

17. The net proceeds from the sale of the securities offered by this prospectus will be used for the general investment purposes of the Company. It is expected that such investments will include a subscription for 500,000 additional shares of Anglo American Corporation of Canada Limited at a cost of approximately \$5,000,000.

18. There is no minimum amount which in the opinion of the directors must be raised by the issue of the securities offered.

19. By agreement dated September 8, 1966, the Company agreed to sell and Wood Gundy Securities Limited agreed to purchase, subject to the terms and conditions therein contained, the securities offered at the price of \$100 per share payable in cash against delivery and the Company agreed to pay to the said underwriters a commission of \$275,000.

20. The Company's by-laws contain the following provision as to remuneration of directors: "The directors shall be paid such remuneration, if any, as the board may from time to time determine. Any remuneration so payable to a director who is also an officer or employee of the Company or who is counsel or solicitor to the Company or otherwise serves it in a professional capacity shall, unless the board shall otherwise determine, be in addition to his salary as such officer or employee or to his professional fees as the case may be. In addition the board may by resolution from time to time award special remuneration out of the funds of the Company to any director who performs any special work or service for, or undertakes any special mission on behalf of, the Company outside the work or services ordinarily required of a director of the Company. The directors shall also be paid such sums in respect of their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties as the board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."

21. During the current financial year ending December 31, 1966 (which is the first financial year of the Company) the Company does not expect to pay any remuneration to directors of the Company or to officers of the Company who individually have received or may be entitled to receive remuneration in excess of \$10,000 per annum.

22. Except as stated in paragraphs 15 and 19, no amount has been paid or is payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any securities of the Company.

23. The estimated amount of the preliminary expenses of the Company is \$11,000.

24-25. The following are the particulars of all property purchased or acquired by the Company, or proposed to be purchased or acquired by it, other than transactions entered into in the ordinary course of operations or on the general credit of the Company:

- (a) On June 28, 1966 the Company acquired 277,749 fully paid shares of Rand Selection Corporation Limited which it accepted at a valuation of \$3,138,750 (being a discount of 10% under the official London closing bid price as at May 31, 1966 for the said shares) in full payment of 313,875 common shares with a par value of \$10 each in the capital of the Company subscribed for by De Beers Rhodesia Investments Limited, 70 Jameson Avenue Central, Salisbury, Rhodesia; on July 15, 1966 the Company sold the said 277,749 shares of Rand Selection Corporation Limited to Anmercosa Securities Limited for \$3,138,753.

- (b) On July 15, 1966 the Company subscribed for 1,663,875 shares of Anglo American Corporation of Canada Limited, Suite 2800, 25 King Street West, Toronto, Canada, at a cost of \$18,138,750.
- (c) The Company expects to subscribe for 500,000 shares of Anglo American Corporation of Canada Limited in addition to the 1,663,875 shares referred to in sub-paragraph (b) hereof and to apply approximately \$5,000,000 of the proceeds of the securities offered hereby to the payment in full of the subscription price.

26. No securities of the Company have been issued or agreed to be issued as fully or partly paid up otherwise than in cash except as stated in paragraph **24-25**.

27. No obligations are offered by this prospectus.

28. No services have been rendered or are to be rendered to the Company that are to be paid for by the Company wholly or partly out of the proceeds of the securities offered or have been within the last two preceding years or are to be paid for by securities of the Company, other than the commissions referred to in paragraphs **15** and **19**.

29. No amount has been paid or is intended to be paid to any promoter.

30. Since its incorporation the Company, in addition to contracts in the ordinary course of business, has entered into the following contracts: (a) agreement dated as of June 15, 1966 between De Beers Consolidated Mines, Limited as Guarantor, of the first part, National Trust Company, Limited as Trustee, of the second part, and the Company, of the third part, providing for the guarantee of the Series A Preference Shares; (b) agreement dated as of August 15, 1966 between the same parties providing for the guarantee of the Series B Preference Shares, being the securities offered by this prospectus; (c) agreement dated June 23, 1966 between the Company and Wood Gundy Securities Limited whereby the latter was appointed agents of the Company for the private sale of the Series A Preference Shares; and (d) the agreement dated September 8, 1966 between the Company and Wood Gundy Securities Limited referred to in paragraph **19**.

Copies of the said agreements may be inspected at the head office of the Company, Suite 2800, 25 King Street West, Toronto, during ordinary business hours in the period of primary distribution to the public of the securities offered and for the following 30 days.

31. No director of the Company has any interest in the promotion of or in any property acquired or proposed to be acquired by the Company except that Sir Keith Acutt and Mr. Grey C. Fletcher are directors of De Beers Rhodesia Investments Limited which is referred to in paragraph **24-25** and Messrs. Ian D. Davidson, Allan Graydon and Rhys M. Sale are directors of Anglo American Corporation of Canada Limited which is referred to in paragraph **24-25**. No sums have been paid or agreed to be paid to any director either to induce him to become or to qualify him as a director or otherwise for services rendered by him in connection with the promotion or formation of the Company except that a fee was paid to Blake, Cassels & Graydon, of which Allan Graydon is a partner, for legal services rendered in connection with the formation of the Company.

32. The business of the Company has been carried on since June 28, 1966. Except as stated in paragraph **24-25**, the Company does not have the intention of purchasing shares in any other company which has been in operation for less than three years.

33. De Beers Holdings Limited, 44 Main Street, Johannesburg, South Africa, and De Beers Rhodesia Investments Limited, 70 Jameson Avenue Central, Salisbury, Rhodesia, both of which companies are subsidiaries of De Beers Consolidated Mines, Limited, 36 Stockdale Street, Kimberley, South Africa, are, by reason of beneficial ownership of all outstanding common shares of the Company, in a position to elect or cause to be elected a majority of the directors of the Company.

34. The Company has paid no dividends except the dividend accruing from June 29 up to September 1, 1966 on the Series A Preference Shares at the rate of 6% per annum.

35. There are no other material facts not disclosed in the foregoing Statutory Information and in the preceding pages 1 to 23 inclusive of this prospectus.

DATED: September 8, 1966.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 40 of The Securities Act (Ontario), by Section 13

of the Securities Act (New Brunswick), by the Securities Act (Quebec), by Section 44 of The Securities Act (Saskatchewan), by Part X of The Securities Act, 1955 (Alberta) and by the Securities Act of the Province of British Columbia, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

KEITH ACUTT

By their agent

(Signed) IAN D. DAVIDSON

G. C. FLETCHER

(Signed) IAN D. DAVIDSON

(Signed) R. M. SALE

(Signed) ALLAN GRAYDON

Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 40 of The Securities Act (Ontario), by Section 13 of the Securities Act (New Brunswick), by the Securities Act (Quebec), by Section 44 of The Securities Act (Saskatchewan), by Part X of The Securities Act, 1955 (Alberta) and by the Securities Act of the Province of British Columbia and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

WOOD GUNDY SECURITIES LIMITED

By: (Signed) W. P. WILDER

The following includes the names of every person having, directly or indirectly, an interest to the extent of not less than 5% in the capital of Wood Gundy Securities Limited: C. L. Gundy, W. P. Scott, W. P. Wilder, J. N. Cole, E. H. Ely, E. S. Johnston, D. B. Dingle, J. K. McCausland and D. Ross.

CERTIFICATE

Pursuant to a resolution passed by its board of directors, DEBHOLD (CANADA) LIMITED hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



DEBHOLD (CANADA) LIMITED

"ALLAN GRAYDON", President.

"T. P. SULLIVAN", Secretary-Treasurer.

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

WOOD GUNDY SECURITIES LIMITED

"J. R. LeMESURIER", Director.

DISTRIBUTION OF 6¼ % SERIES B PREFERENCE \$100 PAR VALUE STOCK AS OF NOVEMBER 18, 1966

Number							Shares
601	Holders of	1	—	24	share lots	.....	7,666
498	" "	25	—	99	" "	.....	20,937
132	" "	100	—	199	" "	.....	13,725
52	" "	200	—	299	" "	.....	11,528
4	" "	300	—	399	" "	.....	1,280
2	" "	400	—	499	" "	.....	935
18	" "	500	—	999	" "	.....	10,235
14	" "	1000	—	up	" "	.....	33,694
<u>1,321</u>	Shareholders					Total shares	<u>100,000</u>

